CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present to you, the Annual Report of Global Maritime Ventures Berhad (GMVB), for the financial year ended 31 December 2013.

In a nutshell, 2013 turned out to be just as difficult for the shipping industry as we anticipated it would be. The financial performance of the Company was severely impacted, as a matter of fact more adversely than previously expected, as a result of a damp economic environment which commenced at the start of the year.

A significant gap between supply and demand, the former being greater than the later continue to plague the shipping industry, as you are reading this.

Nevertheless we will continue to be diligent in improving operational efficiencies and taking advantage of market momentum, among other strategies employed to resuscitate GMVB.

GMVB'S FINANCIALS

The Group registered revenues of RM313.34 million for FY2013, an increase of RM246.41 million when compared to the previous year. The strong revenue growth demonstrates the Group's resilience amidst the challenging economic climate.

Additionally, the strategic consolidation exercise with Syarikat Borcos Shipping Sdn Bhd (Borcos) a major player in the offshore sector and Orkim Sdn Bhd (Orkim) a product tanker operator also contributed to the overall increase in Group revenue.

Despite the higher revenue, GMVB's earnings mirrored the overall damp sentiment in the shipping industry, as the Group posted a net loss of RM158.56 million albeit, compared to RM182.31 million net loss in FY2012. Largely to blame were softer freight rates, arising from tonnage oversupply, combined with low market activity which adversely impacted operations. Adding to the losses were impairments and a one off provision.

While time charter rates remained volatile, the Group managed its fleet to deliver consistent revenues, with the majority of our vessels being chartered on period charters, with the industry's most respected charterers.

At the Company level, a net loss amounting to RM120.88 million was posted against revenue of RM47.03 million as compared to RM119.75 million in net loss from RM3.56 million in revenue for 2012. Growth in revenue at the Company level was primarily attributable to dividends received from our investments in shipowning companies under joint ventures with Wawasan Shipping Sdn Bhd and

SPVs namely GMV-Orkim Sdn Bhd and GMV-Jasa Sdn Bhd. Although, a strong sense of uncertainty continued to pervade the shipping industry, positive signs also began to emerge as the markets for tankers gained traction towards the end of the year. Our offshore support vessels continued to make strong contributions to the company's bottom line which nevertheless remained depressed.

Overall, we continue to have substantial financial flexibility to weather the turbulent conditions, and to support the continuation of our prudent and focused investments in fleet expansion.

DIVIDENDS

Having considered the Group's immediate funding requirements and its operating cash flow requirements, as well as taking into account the continuing challenging environment, the Board of Directors is not recommending any dividend for the financial year.

I cannot stress enough of our desire, to see GMVB emerging stronger from this downturn and a company that delivers sustainable value to all its stakeholders.

HIGHLIGHTS OF 2013

In 2013 the global, as well as regional economies were weak while aggressive fleet expansion activities continued, for a fifth year running, causing the challenging environment.

The world economy declined to 2.9% from 3.2% in 2012. Growth was driven down by weaker domestic demand, and a slowdown in several key emerging economies such as China and India, as well as by a protracted recession in the euro area. On the home front, the Malaysian economy sustained its growth momentum, expanding by 4.7% in 2013 albeit down from 5.6% in the previous year. Regional economies as well, were more or less insulated from the global contagion, with intra Asean trade cushioning the otherwise damp climate.

Nevertheless considering shipping relies heavily on trade flows and growth in emerging markets to generate demand for tankers and bulk carriers, the slowdown in trade severely impacted our bottom-line. The World Trade Organisation's projected trade growth for 2013 was 3.3%, but is forecasted to rise to 5% in 2014.

On another note, 2013 was yet another year of falling asset values, both for newbuildings and second hand vessels across all subsectors of shipping. Thus, it's a given that the past financial year was a tough one for the petroleum tanker sector, with shipbuilders in South Korea, China and Japan all reporting an increase in new orders. The increase in new orders came despite the problem of overcapacity that persist in the tanker sector.
The chemical tanker sector had a quiet period but there were signs of an increase in freight rates towards the tail end of the year. Consolidation, pool formation and mergers are some of the strategies adopted by shipowners to help tide them over the poor market conditions.

Meanwhile as for GMVB, the Company investments are in chemical, product tankers and offshore support vessels. The majority of these ships around 68% are on long term charters while the remainder operate in the spot market. Our focus on placing a part of our fleet under long-term contracts is a conscious part of our portfolio rebalancing strategy to contain and minimise the cyclical downside of the shipping industry. Over the past years we have done relatively well to reduce our exposure to freight rate volatility in the petroleum shipping segment.

Financing for the shipping industry has become tighter partly due to the bleak economic outlook. Considering the sharp drop in vessel values, many ship owners have breached loan-to-value and liquidity covenants, and have had to request lenders to either provide them with waivers or revise loan terms.

Companies that have comfortable cash flows, low gearing levels and large liquid reserves will be well placed to take advantage of lower vessel prices and to augment their capacity.

Motivated by adverse pressures the demolition market has been very active in 2013. Given the poor performance of dry bulk freight rates, bulk carriers dominated the demolition market. High demolition volumes are also expected in 2014 as freight markets continue to underperform.

Nevertheless the offshore business achieved marked improvements and increased profit contributions, after establishing a presence both in the regional and international markets through strategic partnerships. With the presence of financially strong oil majors in Malaysian waters, the offshore support business has witnessed stability over the last few years.

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During the year we have charted some notable milestones with our investments portfolios.

Our foray into the offshore business through the ownership and operation of various offshore support vessels (OSV) is one of those steps to remain competitive and position GMVB as a offshore provider in the region. GMVB's 100% acquisition into Borcos in September last year is an initiative towards this end. The secured and recurring income stream from the offshore business have proven precious.

Much of the positivism surrounding the OSV market stems from state controlled oil major Petroliam Nasional Bhd (PETRONAS) spending a whopping RM300 billion in capital expenditure for a five year period ending 2015. During the year in review, about RM20 billion worth of contracts were dished out for pipe-laying, topside maintenance and hook up construction and commissioning.

EXPANSION IN ANTICIPATION

The significant expansion of our fleet was a key achievement over the past year. During the year in review, GMVB's fleet increased to 54 vessels comprising 1 chemical tanker, 16 product tankers and 37 OSVs. This represents a dramatic increase from the 28 vessels in our fleet as of end 2012.

These new additions not only increased the size of the fleet, but also diversified the types of vessels we operate. As part of our efforts to achieve an optimal operating fleet size, GMVB sold its final four old chemical tankers of the Selendang series under the joint venture with Wawasan Shipping Sdn Bhd in the first half of 2013. Thus we now have a relatively young, diversified fleet.

GMVB also increased its stake in Orkim by 51 per cent making it a majority shareholder in the latter in March 2013. Orkim is an active player in the product tanker sector. We are confident that this consolidation will be able to create a more scalable and robust shipping entity.

Much of these expansions were timed to ensure GMVB rides the wave, when the market takes a turn for the better. While expansion plans have been put in place, as a venture capitalist, GMVB has also an important role to play in that of supporting and nurturing market leaders among Bumiputra entrepreneurs. Both our partners Icon Fleet Sdn Bhd and Jasa Merin (M) Sdn Bhd (Jasa Merin) exited the joint venture by the redemption of the Redeemable Convertible Preference Shares and Jasa Merin exercising its Call Option on GMVB's shares held in the respective joint venture companies.

While pursuing our business commitments, we also fulfilled our responsibility to the industry by sponsoring cadets in the Nautical and Marine Engineering Diploma Studies at the Akademi Laut Malaysia (ALAM). To support the Country's vision of becoming a maritime nation, GMVB has collaborated with ALAM and sponsored about 70 seafarers since its inception.

EXPECTATIONS FOR 2014

As we move into a new financial year in 2014, we will continue to be challenged and tested by difficult operating conditions prevalent in the shipping industry. Nevertheless, the shipping industry is poised to emerge from its longest downturn, buoyed by an end to years of overcapacity resulting in depressed freight rates since the end 2008.

Pundits have it that world GDP will expand by 3.2% in 2014 against 2.4% in 2013, which is generally a positive sign for all shipping sectors. With the global economy on an upward trend and the domestic demand continuing to fuel the Malaysian economy, 2014 presents itself with unique opportunities for GMVB to tap into.

The first quarter of 2014 is characterised by a mixture of significant uncertainty and opportunity for shipowners and investors. The markets are in a bottom cycle, with second hand and new building prices at cyclical low levels. At the same time, the world economy is showing some potential for a strong recovery soon, and new fuel-efficient vessels are an added incentive for shipyards. Taking this into consideration, we may well see a nascent recovery in most shipping markets in 2014 and 2015.

To put things in perspective, delivery of new ships is declining, demolition remains at encouraging levels and demand for long-haul transportation is rising. We are mindful that tonnage demand is expected to recover in 2014 on account of an increase in oil demand amidst a global economic recovery that is gaining strength. Scrapping activities have also increased as owners face difficulties in trading older vessels and are unwilling to bear the high maintenance cost of such vessels.

The global demand growth reflects the continued strong performance of Asian economies fuelled by growth in countries like China and India. Nevertheless, despite the firm growth in demand the fleet oversupply remains a dampener to rates.

To withstand the volatile market, owners are depending on time charters to bolster their earning to stay solvent as expectations for the spot market ahead remain conservative. Fortunately for us, most of our tankers and offshore vessels are working on long term time charter contract with oil and gas majors i.e. PETCO and Shell.

Dry cargo ships are likely to see the strongest recovery in 2014. This is the first time growth in demand for shipping of iron ore, coal, grain and minor bulks such as fertilizer, logs and soya beans has been greater than dry bulk fleet growth since 2007, as the industry finally shakes off a surge in new ship orders in the wake of the boom.

Looking ahead, tanker rates also seem set to rise as fleet growth slows, while strategic oil reserve projects in China and India should boost already solid Asian demand. As far as the product tanker market is concerned, it's poised for a marked recovery in 2014 as new vessel orders appear to be at reasonable levels, relative to demand growth forecasts. Consolidation of tonnage would be beneficial for the sector as a whole. Strong demand on the other hand comes from developing economies where there is insufficient refinery capacity necessitating sea borne refined product imports.

The year 2014 offers the chemical shipping sector some glimmer of hope. Freight rates in the chemical tanker segment enjoyed an upward climb on most trade routes throughout 2013. Global demand is expected to increase from 2014 onwards as more Middle East and US petrochemicals are likely to join the market due to the availability of competitive feedstock and large plant expansions. The positive impact of shale gas on the US petrochemical sector will benefit the chemical tanker trade with rising demand in Asia, which is likely to result in longer voyages, which in turn will result in greater tonne-mile demand, boosting vessel employment.

In the offshore segment, the current oil price level is supportive of investments. There was a succession of offshore discoveries in 2013 and we continue to believe in increased activity for offshore rigs in general and ultra-deep water rigs in particular. The growth in demand for subsea construction vessels will continue to accelerate in the years to come. The fleet is not only growing by numbers but also in terms of complexity. Overall the outlook for offshore market services remains positive mainly in the regional markets including the Middle East and Asia.

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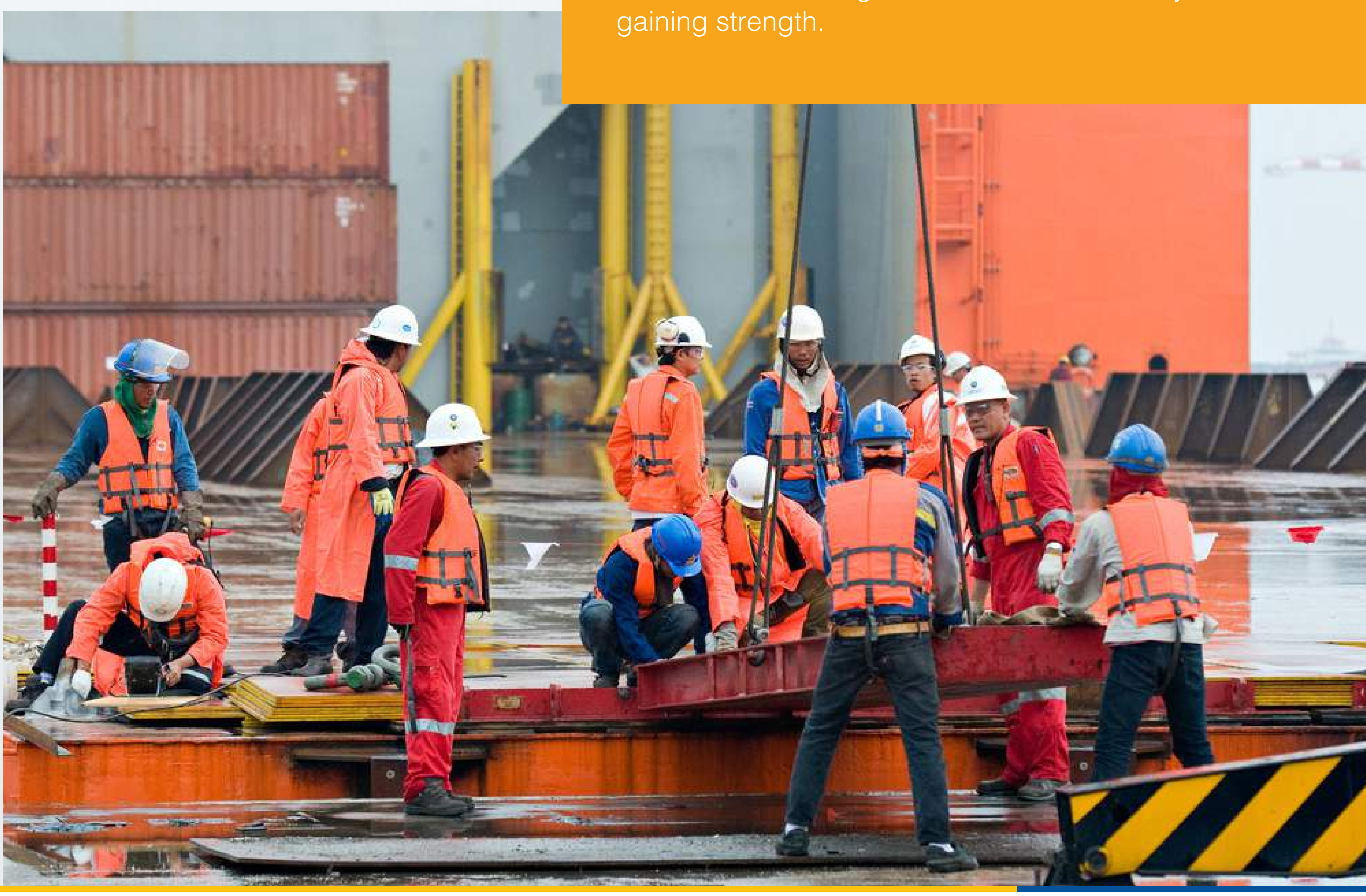

GMVB's strategy moving forward is based on its 5 Year Blue Print, which will chart the direction of the company, irrespective of market conditions. Interestingly enough, the Blue Print shows a new direction for GMVB to evolve beyond its current mandate of investment approach in shipowning/shipping companies via equity participation.

THE WAY FORWARD

Despite the challenging outlook, there is still light at the end of the tunnel.

GMVB's strategy moving forward is based on its 5 Year Blue Print, which will chart the direction of the company, irrespective of market conditions. Interestingly enough, the Blue Print shows a new direction for GMVB to evolve beyond its current mandate of investment approach in shipowning/shipping companies via equity participation.

We need to enhance and energise our role through diversification, covering both asset based and service based sectors, and pushing for a presence in new segments within the industry. Much of the diversification is slated to take place around three sectors, shipyards, commercial and technical maritime consultancy, and maritime training.

Also in the pipeline are the floatation exercises of our units, which will result in GMVB unlocking value in investments. With the benchmark FBMKLCI at record levels, above 1800 points, an initial public offering by a Government Link Companies involved in the booming oil and gas sector is likely to be well received.

This should enhance our role as a venture capitalist, and entrench our commitment to help transform, support and create new market leaders among entrepreneurs. GMVB is also likely to identify new key foreign partners for future JVs with existing domestic partners. This could improve local

talent, via knowledge transfers. Also GMVB will continue to support the training of seafarers by providing training berths on-board our vessels and ensure continuous career employment for GMVB cadets upon graduation on our vessels. We are also looking to form smart partnerships with maritime training institutes to address the shortage of Malaysian crew.

ACKNOWLEDGEMENT

I welcome on board Encik Ahmad Sharifuddin Abdul Kadir, a Civil Engineer by profession, who was appointed in December 2013 as the Chief Executive Officer of GMVB. He was the Senior General Manager from the office of the Group President & CEO of Sapura Group before assuming his current position. With a wealth of experience in the oil and gas and in technical, operations and banking sectors, we look forward to working with him to bring GMVB to the next phase of its journey.

I would also like to thank my fellow board members for their continued stewardship of the Company as well as for their guidance and counsel. My sincere appreciation also goes out to the management and staff of GMVB for their commitment and contribution to GMVB's success. I would also like to thank all our stakeholders, in particular the Ministry of Finance, Government authorities, our customers, suppliers, business partners, and financiers for their loyal support, trust and confidence in us, and cooperation throughout the year.

I would hereby like to express my indebtedness to all parties who have supported us and hope for your continued assistance, to steer the Company to greater heights.

TAN SRI DATUK DR. ABDUL SAMAD BIN HAJI ALIAS
INDEPENDENT NON-EXECUTIVE CHAIRMAN